

## **BUDGET COMPARISON**

### Supplemental Aid for Essential Services

The State of Tennessee received the first payment from the federal government for supplemental aid for essential services in the amount of \$96.7 million on June 10, 2003. These funds will be used to assist the State in closing fiscal year 2002-2003 by covering the costs of various mandated programs including TennCare. The State anticipates receiving an additional \$96.7 million in fiscal year 2003-2004 under the same program. These funds are not reflected in the Budget Comparison portrayed on the following pages.

### Federal Medical Assistance Program

The State also anticipates receiving an additional \$40 million for fiscal year 2002-2003 based on the increased federal match for expenditures incurred between April 1, 2003 and June 30, 2003 in the TennCare program. In fiscal year 2003-2004, the State anticipates receiving an additional \$150-\$160 million based on actual expenditures incurred in the program. These funds are not reflected in the Budget Comparison portrayed on the following pages.

## BUDGET COMPARISON

	Estimated FY 02-03	Recommended FY 03-04
Total State Budget Less federal revenues Less other revenues (depts., Tuition/student fees, bonds)	\$20.62 B (\$7.73 B) (\$3.32 B)	\$21.77 B (\$8.39 B) (\$3.52 B)
Subtotal State Appropriations Less appropriations from dedicated state sources	\$9.57 B (\$256 M)	\$9.86 B (\$249 M)
Taxpayers Budget Plus TennCare supplemental appropriations	\$9.31 B \$195 M	\$9.61 B N/A
Total Taxpayers Budget	\$9.51 B	\$9.61 B Increase \$103 M

## BUDGET HIGHLIGHTS

<u>TOTAL BUDGET, FISCAL 2003-04</u>	<u>\$21.77 Billion</u>
State Appropriations	\$9.86 billion
Federal Funds	\$8.39 billion
Other Revenue <sup>1</sup>	\$3.52 billion

<u>ESSENTIAL IMPROVEMENTS</u>	<u>\$628.8 Million</u>
TennCare	\$327.9 million
K-12 Education	\$111.2 million
Employee Pay and Benefits	\$93.4 million
Correction	\$21.9 million
Mental Retardation	\$17.0 million
Children's Services	\$10.5 million
Homeland Security	\$8.4 million
Safety	\$4.8 million
Other Programs	\$33.7 million

<u>KEY REDUCTIONS</u>	<u>\$316.8 Million</u>
Agencies and Departments	\$195.9 million
Highway Funds	\$65.8 million
Shared Taxes with Local Governments	\$37.2 million
Real Estate Transfer Tax	\$12.4 million
Miscellaneous Grants	\$3.4 million
General Assembly	\$2.1 million

<u>PROGRAMS EXEMPTED INCLUDE</u>
K-12 Basic Education Program
Mental Retardation
Homeland Security
Programs Funded by Dedicated Taxes or Fees
Judiciary <sup>2</sup>

<u>WORKFORCE ADJUSTMENTS</u>
Abolish 792 positions

<sup>1</sup> Includes special revenues, tuition and fees.

<sup>2</sup> Judiciary taking 2.5% reduction. District Attorney and Public Defender offices taking at least a 2.5% cut.